



# 2017 FINANCIAL REVIEW

**Kansas State Employees Health Care Commission**

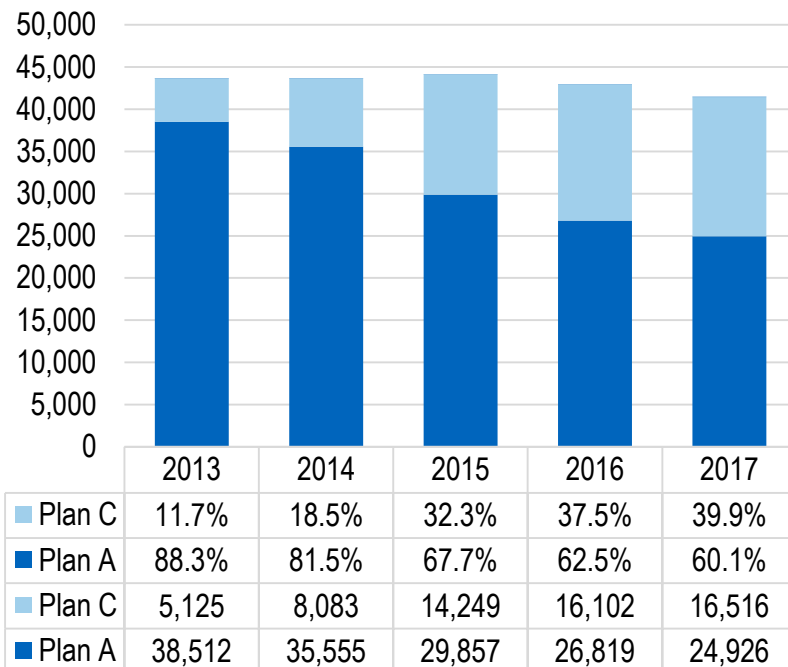
February 26, 2018

 Segal Consulting

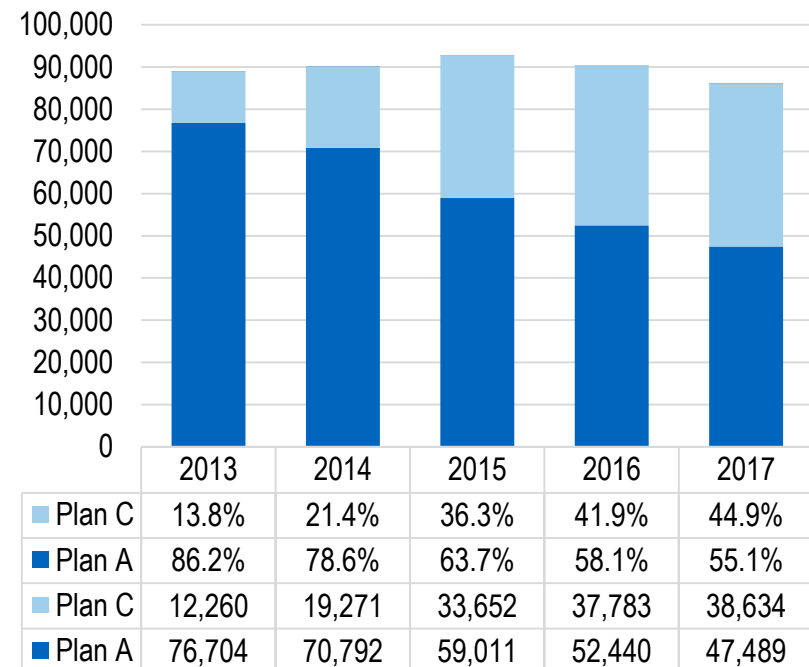
# Enrollment Trends

- Enrollment has slowly declined since 2015, assumed to be level in projections.
- Membership continues to migrate each year to Plan C—increasing from 14% (2013) to 45% (2017).
- Higher percentage of dependents select Plan C.
- Note that trend analysis is for non-Medicare members only

**Employees and Early Retirees**



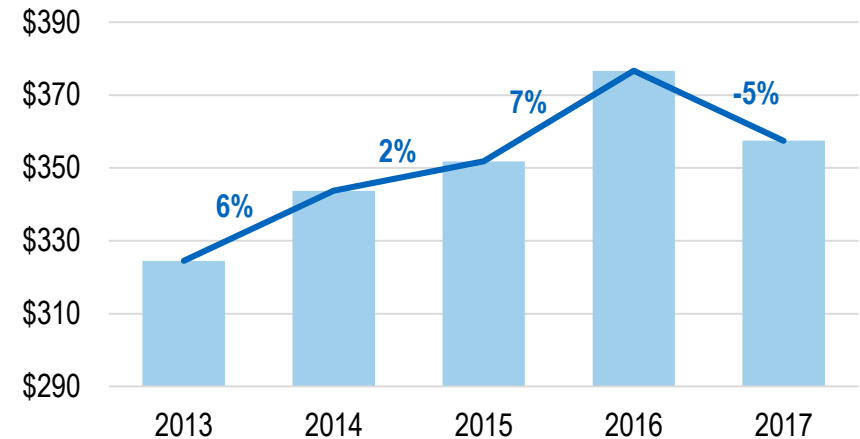
**Members**



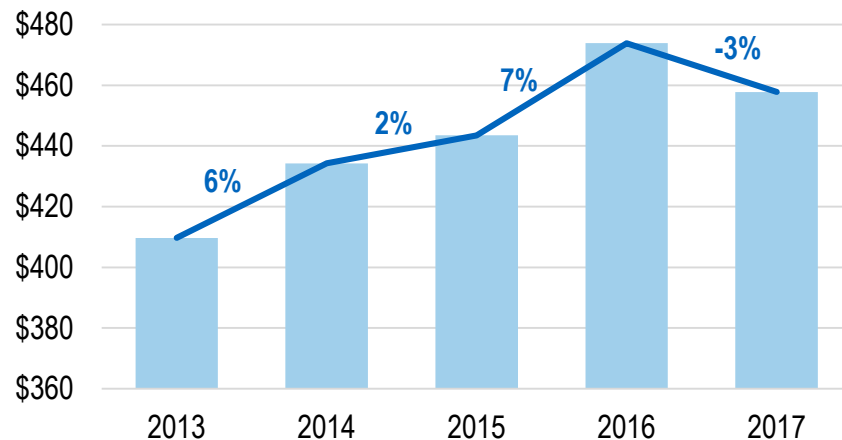
# Medical & Pharmacy Trends – Allowed PMPM

- 2016 & 2017 medical trend misleading due to high dollar claims spike in 2016.
- Historical (2013 – 2017) Average Trends:
  - 2.5% Medical
  - 4.2% Rx
  - 2.8% Total
- Four-year trend well under industry norms.

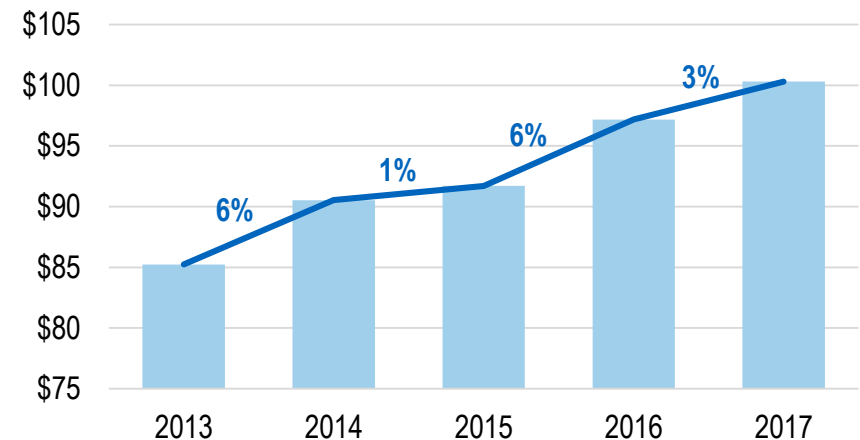
Medical PMPM



Total PMPM

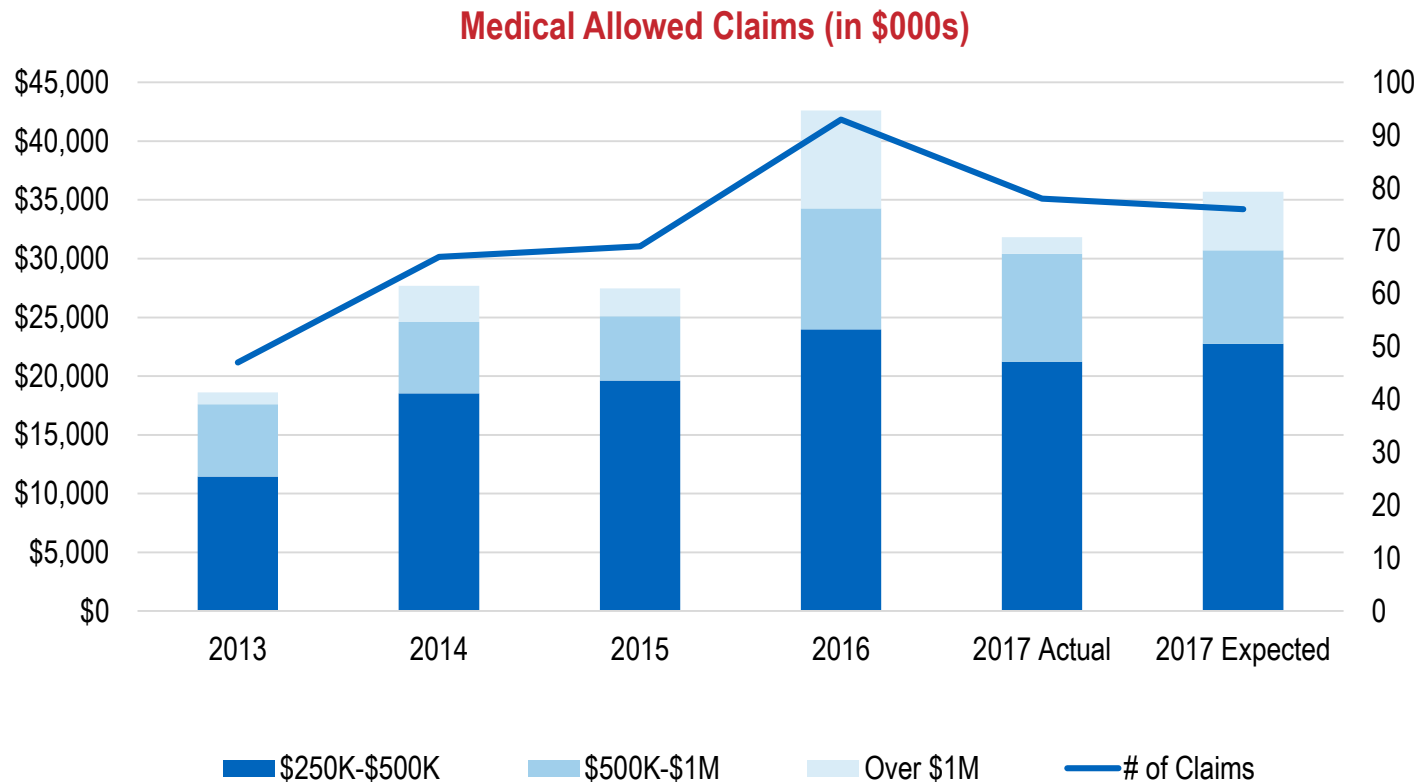


Pharmacy PMPM



# Large Claims

- Note \$15M increase in 2016 experience. Segal adjusted projections last year to reflect a return to expected actuarial levels.
- Expected \$35M and 76 claims for 2017.
- Actual was \$31M and 78 claims for 2017, slightly lower spend than estimated due to drop in claims over \$1M.



# Budget Gain/Loss

- Revenue was a large loss, primarily due to lower headcounts. Much less deviation when looking at it on a per employee basis – 0.2%.
- Similar to revenue, claims were primarily lower due to reduced headcounts. Note that the reduction to high dollar claims incorporated in the projections was an appropriate adjustment last year.
- The overall projection deviated by approximately \$0.90, less than 0.1%.

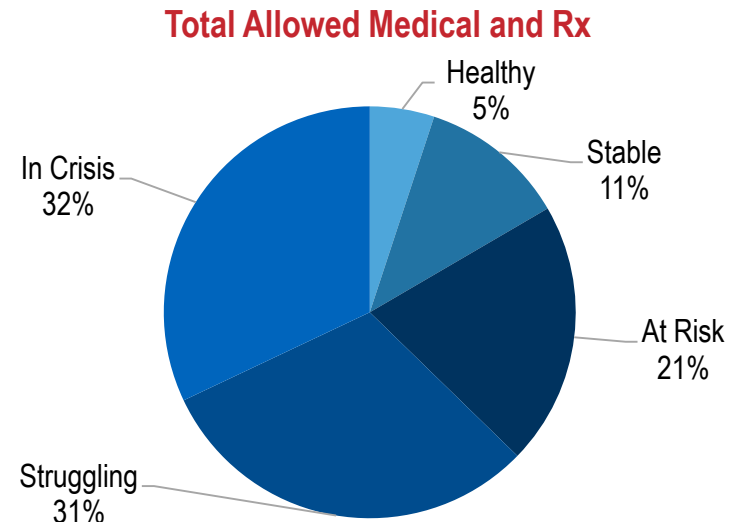
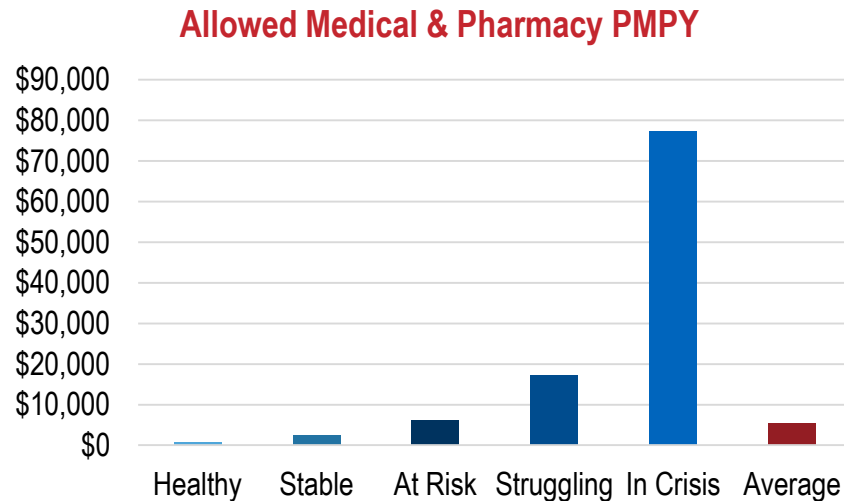
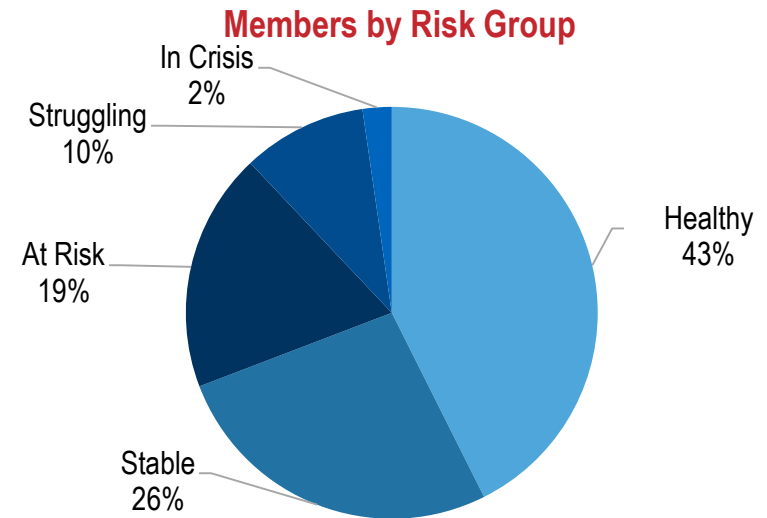
## 2017 Expense Gain/(Loss) Summary

	Budget	Actual	\$ Gain/(Loss)	Budget PEPM	Actual PEPM	% Gain/(Loss)
<b>Revenue</b>						
Total Revenue	\$485,025,442	\$475,841,416	\$(9,184,026)	\$965.80	\$963.84	-0.2%
<b>Expense</b>						
Medical (w/ HSA)	\$331,809,451	\$315,543,049	\$16,266,402	\$660.71	\$639.15	3.3%
Rx	\$82,738,886	\$82,911,666	\$(172,780)	\$164.75	\$167.94	-1.9%
Dental	\$29,770,969	\$29,239,859	\$531,109	\$59.28	\$59.23	0.1%
Other	\$53,111,480	\$56,429,364	\$(3,317,884)	\$105.76	\$114.30	-8.1%
Total	\$497,430,786	\$484,123,938	\$13,306,847	\$990.50	\$980.62	1.0%
Total Adjusted*	\$497,430,786	\$488,480,655	\$8,950,131	\$990.50	\$989.44	0.1%
<b>Total</b>						
Net Cost	\$12,405,344	\$8,282,523	\$4,122,821	\$24.70	\$16.78	0.8%
Net Cost (Adjusted)*	\$12,405,344	\$12,639,239	\$(233,895)	\$24.70	\$25.60	-0.1%

\*The adjusted line adds a claims payment scheduled for December 2017 that was paid in January 2018.

# Population Risk Profile – 2017

- The risk stratification that helped generate these results came from the Data Warehouse Vendor
- 2% of the membership who are “In Crisis” make up 32% of the claims spend, an average \$77,000 per year.
- 10% of the members who are “Struggling” make up 31% of the claims spend, an average \$18,000 per year.
- The two groups combined for 63% of the claims spend in 2017



# Clinical Breakdown (Patients)

- The Data Warehouse Vendor maps members to condition categories.
- Overall, most categories appear to be coming down over the five-year period.
- With 86,000 non-Medicare members, the percentage of members with Diabetes is 7.8% (6,733 members), with the vast majority being adults. Looking at adults only, the percentage goes to 10.1% (6,641/65,653). This is consistent with published data of 10.3% from the Kansas Department of Health and Environment.

	Patient					% of Change
	2013	2014	2015	2016	2017	2013 – 2017
Asthma	2,692	2,734	2,763	2,474	2,240	-17%
Cancer—Breast	714	692	664	626	620	-13%
Cancer—Colon	190	173	165	168	155	-18%
Cancer—Lung	98	107	88	99	100	2%
Cancer—Skin	1,965	2,019	2,031	2,139	1,962	0%
Cerebrovascular Disease	672	669	622	616	560	-17%
Chronic Obstruc Pulm Dis (COPD)	660	645	627	673	615	-7%
Congestive Heart Failure	275	289	245	237	244	-11%
Coronary Artery Disease	1,595	1,505	1,461	1,444	1,335	-16%
<b>Diabetes</b>	<b>6,704</b>	<b>6,722</b>	<b>6,746</b>	<b>7,037</b>	<b>6,733</b>	<b>0%</b>
Hiatal Hernia/Reflux Esophagit	1,977	2,071	2,060	2,171	1,917	-3%
Hypertension, Essential	10,017	9,583	9,251	9,212	8,616	-14%
Mental Hlth—Depression	5,283	5,392	5,692	5,807	5,500	4%
Osteoarthritis	4,199	4,278	4,249	4,117	3,710	-12%
Renal Function Failure	603	625	624	638	625	4%
Spinal/Back Disord, Low Back	11,106	11,308	11,421	10,915	9,652	-13%

# Clinical Breakdown (Patients)

- Below is chart showing the average cost for a member with a certain disease category. Note that a member may be double counted if they have comorbidities, such as Asthma and Diabetes.
- An average diabetic member will have \$13K of claims per year, while a member with ESRD will have nearly \$50K.

	Total Allowed PMPY				
	2013	2014	2015	2016	2017
Asthma	\$8,014	\$8,855	\$9,417	\$10,551	\$8,574
Cancer—Breast	\$19,842	\$24,143	\$25,857	\$27,493	\$26,302
Cancer—Colon	\$34,616	\$36,738	\$43,823	\$44,182	\$41,309
Cancer—Lung	\$70,662	\$74,635	\$83,094	\$87,339	\$93,076
Cancer —Skin	\$10,261	\$10,648	\$12,447	\$12,925	\$11,583
Cerebrovascular Disease	\$30,749	\$36,290	\$37,576	\$38,093	\$42,036
Chronic Obstruc Pulm Dis(COPD)	\$24,958	\$27,873	\$28,203	\$28,297	\$24,615
Congestive Heart Failure	\$50,120	\$65,120	\$57,004	\$78,837	\$73,109
Coronary Artery Disease	\$24,728	\$25,896	\$24,883	\$28,328	\$26,901
<b>Diabetes</b>	<b>\$12,618</b>	<b>\$13,808</b>	<b>\$14,123</b>	<b>\$14,089</b>	<b>\$13,518</b>
Hiatal Hernia/Reflux Esophagit	\$13,478	\$12,981	\$13,126	\$16,757	\$14,232
Hypertension, Essential	\$10,493	\$11,396	\$11,291	\$12,229	\$12,089
Mental Hlth—Depression	\$ 9,293	\$10,858	\$10,984	\$10,812	\$11,395
Osteoarthritis	\$15,754	\$16,455	\$17,617	\$18,327	\$18,702
Renal Function Failure	\$43,716	\$49,658	\$51,701	\$58,839	\$49,884
Spinal/Back Disord, Low Back	\$ 9,184	\$ 9,683	\$ 9,953	\$10,288	\$10,744

# Top Disease Categories

The chart below shows the claim volume for various clinical groupings. Note that preventive services are the highest category.

Rank	Disease Category	Allowed Amt	# of Patient	Per Patient
1	Encounter for Preventive Health Services	\$22,835,931	54,551	\$419
2	Osteoarthritis, Except Spine	\$11,668,976	2,831	\$4,122
3	Other Arthropathies, Bone and Joint Disorders	\$9,621,320	13,428	\$717
4	Ante- and Postpartum Complications	\$8,698,478	2,205	\$3,945
5	Other Spinal and Back Disorders: Low Back	\$8,013,818	9,059	\$885
6	Coronary Artery Disease w/o Prior Coronary Revascularization	\$7,394,435	1,315	\$5,623
7	Encounter Related to Other Treatment	\$6,791,461	7,237	\$938
8	Other Gastrointestinal or Abdominal Symptoms	\$6,637,535	7,587	\$875
9	Arrhythmias	\$6,593,552	1,594	\$4,136
10	Neoplasm, Malignant: Breast, Female	\$6,289,343	620	\$10,144
11	Other Eye Disorders	\$5,944,350	35,780	\$166
12	Live Newborns	\$5,238,921	898	\$5,834
13	Encounter for Chemotherapy	\$5,233,915	150	\$34,893
14	Depression	\$5,166,366	5,500	\$939
15	Other Bacterial Infections	\$4,963,985	393	\$12,631
16	Other Respiratory Symptoms	\$4,893,305	4,834	\$1,012
17	Cerebrovascular Disease	\$4,793,541	560	\$8,560
18	Other Cardiovascular Symptoms	\$4,617,662	3,584	\$1,288
19	Sleep Disorders	\$4,150,168	3,938	\$1,054
20	Other Spinal and Back Disorders: Cervical	\$3,924,317	5,954	\$659
21	Essential Hypertension	\$3,867,177	8,616	\$449
22	Diabetes Mellitus Type 2, Unsp Types & Hyperglycemic States	\$3,765,633	6,425	\$586
23	Other Ear, Nose, and Throat Disorders	\$3,703,696	9,315	\$398
24	Cholecystitis and Cholelithiasis	\$3,482,704	542	\$6,426
25	Renal Failure	\$3,204,383	620	\$5,168
26	Calculus of the Urinary Tract	\$3,128,527	859	\$3,642
27	Other Disorders of Respiratory System	\$3,088,575	1,129	\$2,736
28	Non-Spec Signs/Symptoms: Other Signs/Symptoms	\$2,983,244	19,243	\$155
29	Cataract	\$2,892,918	2,569	\$ 1,126
30	Intervertebral Disc Disorders: Lumbar & Lumbosacral	\$2,707,709	1,377	\$ 1,966

# Top Pharmacy Expenses

The chart below shows the claim volume for various drugs utilized. Note that Humira, an immunosuppressant, is the highest category with over \$8.3 million of spend.

Rank	Rx Name	Drug Group	Paid Amount	# of Script	# of Patient	Per Script	Per Patient
1	Humira	Immunosuppressant	\$8,312,763	3,264	312	\$2,547	\$26,643
2	ENBREL	Immunosuppressant	\$2,155,306	711	98	\$3,031	\$21,993
3	Victoza	Anti-Diabetic	\$1,828,507	3,518	564	\$520	\$3,242
4	NOVOLOG	Insulin (Diabetes)	\$1,706,376	6,195	1,044	\$275	\$1,634
5	HUMATROPE	Human Growth Hormone	\$1,673,528	724	52	\$2,312	\$32,183
6	REMICADE	Immunosuppressant	\$1,523,422	285	41	\$5,345	\$37,157
7	Copaxone	Immunomodulator (MS Treatment)	\$1,428,683	452	35	\$3,161	\$40,820
8	Vyvanse	Central Nervous System Stimulant (ADHD)	\$1,426,319	5,605	1,246	\$254	\$1,145
9	Ibrance	Kinase Inhibitor (Breast Cancer)	\$1,319,348	113	14	\$11,676	\$94,239
10	Revlimid	Thalidomide Analog (Multiple Myeloma)	\$1,071,919	96	19	\$11,166	\$56,417
11	JANUVIA	Anti-Diabetic	\$996,183	3,800	641	\$262	\$1,554
12	Xyrem	Anti-Sleep (Narcolepsy)	\$991,943	98	10	\$10,122	\$99,194
13	Trulicity	Insulin (Diabetes)	\$963,026	2,182	357	\$441	\$2,698
14	Tecfidera	Immunomodulator (MS Treatment)	\$908,397	142	20	\$6,397	\$45,420
15	Lyrica	Nerve Pain	\$896,988	2,305	478	\$389	\$1,877
16	Tresiba	Insulin (Diabetes)	\$891,021	3,227	505	\$276	\$1,764
17	Methylphenidate	Central Nervous System Stimulant (ADHD)	\$847,944	5,289	1,579	\$160	\$ 537
18	Stelara	Immunosuppressant	\$844,942	85	28	\$9,940	\$30,176
19	Xarelto	Blood Thinner	\$835,340	2,254	484	\$371	\$1,726
20	XELJANZ	Janus Kinase Inhibitor (RA)	\$746,302	216	29	\$3,455	\$25,735
21	XOLAIR	Anti-Inflammatory (Asthma)	\$738,756	264	32	\$2,798	\$23,086
22	ADVAIR	Bronchodilator (COPD)	\$733,390	3,989	944	\$184	\$777
23	Levemir	Insulin (Diabetes)	\$732,914	3,823	647	\$192	\$1,133
24	AVONEX	Anti-Inflammatory (MS)	\$724,187	212	12	\$3,416	\$60,349
25	imatinib mesylate	Chemotherapy (Leukemia)	\$687,705	76	9	\$9,049	\$76,412

# 2017 Top 10 Claimants

- Note only two claimants over \$1M that are both still active.
- This list is much smaller than last year, where five were over \$1M and one over \$2M.

Relationship	Membership Status	Diagnosis Category	Current	Prior
Dependents	Current	Hemophilia, coagulation disorder	\$1,413,720	\$934
Dependents	Current	Disorders of newborn period	\$1,221,813	\$0
Dependents	Termed	Septicemia	\$953,364	\$652,347
Dependents	Termed	Newborn status, uncomplicated	\$894,545	\$0
Employee	Current	Cerebrovascular disease	\$863,363	\$346
Dependents	Current	Acute leukemia	\$788,329	\$208
Dependents	Current	Gastrointestinal signs and symptoms	\$677,876	\$28,685
Dependents	Current	Administrative concerns and non-specific laboratory abnormalities	\$606,569	\$529,782
Spouse	Termed	Cerebrovascular disease	\$593,040	\$55
Employee	Current	Aortic aneurysm	\$571,077	\$32,116

# Thank You

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## **Questions and Discussion**